

# Colorado Springs “Special Districts 101.5”

## Session No. 4

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# Session 4 Topics



- 1) Update from Session 3
- 2) Assessment Districts
  - a. LIDs (local improvement districts)
  - b. SIDs (special improvement districts)
- 3) Special District Mill levies
- 4) Gallagher Adjustments

# Update from Session 3



## Metropolitan district service plan criterion Colorado Revised Statutes § 32-1-203 2) (b)

-Question on legislative history and intent regarding “inadequate service”

*“b) The existing service in the area to be served by the proposed special district is inadequate for present and projected needs”.*

- Existing C.R.S. language dates from 1981
  - From 1965 to 1981 language was similar but more discretionary
- Prior to 1981, few if any new metro. districts were located solely in cities and towns and used primarily for facilities financing
- Statewide, most municipal metro. districts have been created under the current language
- Justification in many cases is presumably based on public improvements not being provided by a city in a vacant or redevelopment area

# Assessment Districts



- Method of assessing specific properties for specific improvements
- Assessments and not taxes
- Component units of City or other entity
- Dozens, if not, hundreds, have been created in Colorado Springs in the past
- The only one existing now is the Briargate Center BID- SID
  - Unique circumstances
- Others have been City Code-based



1935 Monopoly card



# Assessment District Options

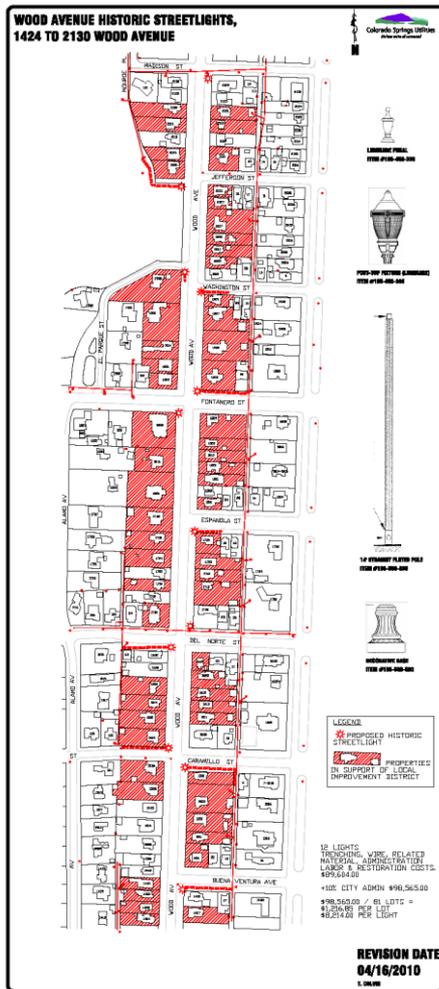


- **City Code-based LID** (local improvement district)
  - Current allowable structure
  - Administered by City Engineering
- **Statutory SID** (special improvement district) under C.R.S. Title 31

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- Both do allow issuance of debt (subject to TABOR)
- Processes similar:
  - Identify improvements, costs and benefiting properties
  - Identify assessment method and create assessment roll
  - Notice and hearing processes
  - County Treasurer process

# Past Assessment Districts



Historic Medians

Tejon  
Streetlights

# Why Not Now?



- No longer an active City program
- TABOR\* considerations
- Owner concurrence requirements
- Replaced by city-wide approaches/ revenue sources such as:
  - PPRTA
  - 2A, 2C
  - Storm water fee
  - CDBG
  - Etc.
- Reluctance of Councils to impose without 100% concurrence

\* City or State Taxpayer's Bill of Rights

# Future LIDs or SIDs?



- Potential for addressing existing or redeveloping areas with inadequate facilities
  - Possibly including annexation areas (e.g. enclaves)
- Enhanced public improvements in established areas
- There may be a need to update City Code on LIDs

# Special District Mill Levies



- Maximum Limits established in 2006 Special District Policy and metropolitan district Model Service Plans
  - “Gallagher Adjusted” back to 2006
  - There are also some statutory limits
  - BID levies further stipulated in annual operating plans
- Maximum Operational Mill Levy:
  - 10.0 mills for all districts
- Maximum Debt Service Mill Levy:
  - 30.0 mills for any district with any properties used for residential purposes
  - 50.0 mills for any district with no properties used for residential purposes

# Exceptions from Standard Policy



- Listed in Cover memo
- All related to residential districts
  - Except for Stadium Metropolitan District
- Factors/ justifications
  - Levels/ costs of service (e.g. Banning Lewis Ranch (Oakwood) and Wolf Ranch)
  - HOA/ common area function (e.g. Patriot Park and Banning Lewis Ranch)- possible affordable housing nexus
  - Legacy (e.g. Lowell Metropolitan District)
  - Districts Created in County (e.g. Sands and Meadowbrook)
  - Temporary –Abatements

# Actual Mill Levies



- BIDs
  - About ½ are at maximum for debt service
  - Most have only 1.0 mills for operations
- GIDs
  - One at maximum for debt service, two well below
  - No operational levy
- SIMDs
  - Operational only- and not under Policy
- Metro Districts
  - Most residential districts at maximums; most commercial districts, not

# Other Mill Levy Considerations



- One opportunity per year to certify (December)
- Gallagher Adjustments (next slides)
- TABOR
  - Most developer-initiated districts assumed to be “de-TABORed” for mill levies; most City-initiated districts assumed not to be
- Debt service mill levies may be imposed without, or prior to, formally issued debt
- “Operating” metropolitan districts typically do not impose mill levies
- Districts may delay mill levy certification

# Gallagher Amendment



- Refer to attachment for more detail
- 1982 Constitutional Amendment
- Statewide ratio of assessed value set at 45% residential/55% non-residential
- Residential assessment rate fluctuates based on non-residential rate (now at 29% of taxable market value)
  - Residential rate now at 7.20% and expected to be 7.15 next year (has been periodically adjusted downward since 1985)

# Gallagher Adjustments



- Part of Policy and district plan language since the Year 2000 or prior
- Hold districts harmless
  - if/when residential assessment rates ratchet down
- Particular nexus to districts with debt issued
  - But applicable to all relevant districts and to both debt service and operational levies
- Retroactive to 2006 in Policy and Model Plans

# Districts with Gallagher-Adjusted Mill Levies



- Only Metropolitan Districts with Residential Uses
  - Most but not all of these
- Not SIMDs or GIDs
  - TABOR?
- Not BIDs

# Updated Schedule- Future Sessions



## Session 5- December 9, 2019

- SIMDs
- Special district financial obligations, debt authorizations and debt issuances

## Session 6- January 13, 2019

- District powers and functions in addition to debt issuance
- District boards and elections/ TABOR

## Session 7- January 27, 2019

- Contacts, annual reports, audits, data and disclosure
- District dissolution, or conversion to resident boards